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## The Mediating Role of Psychological Empowerment between Transformational Leadership and Employee Work Attitudes

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### Abstract

The aim of this study is to investigate the relationship between transformational leadership with psychological empowerment and employee work attitudes. Paper and pencil questionnaires were mailed to the top management of companies located in China. The findings showed that transformational leadership is significantly related to psychological empowerment and psychological empowerment is significantly related to employee working attitudes. Nevertheless not all dimension of transformational leadership is significantly related to psychological empowerment; and, not all dimension of psychological empowerment is significant related to employee work attitudes. Thus, psychological empowerment only partially mediates the relationship between transformational leadership and employee work attitudes.

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**Keywords:** Transformational leadership; Employee work attitudes; Psychological empowerment; Structural Equation Modeling, Quantitative research

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### 1. Introduction

Questions and concerns regarding leadership have increased since the 1970's (Bass, 2006) as leaders have struggled to compete globally and to adapt to a rapidly changing world. While "empowerment" has been known as an essential ingredient for success in this turbulent era (Srivastava, Abhishek, & Bartol, 2006), there was little proof of a link between transformational leadership, psychological empowerment and employee work attitude. In this study, authors

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sought to assess the extent and the quality of transformational leadership on psychological empowerment and employee work attitude, and to build on recent evidences that there is indeed a link between these three business phenomena.

There are two main objectives for this study: firstly, to determine the effects of different dimensions of transformational leadership on psychological empowerment and employees work attitudes; secondly, to investigate the mediating role of psychological empowerment between transformational leadership and employee work attitudes.

The organization of this paper is as follows. The second section reviews related literature. The third section presents the theoretical framework and hypotheses. The fourth section describes the research method. The fifth section presents the results using a structural equation model. Finally, the paper ends with a brief conclusion.

## 2. Literature Review

### 2.1. Transformational Leadership

Transformational Leadership started from a classic book “Leadership” written by political sociologist Burns (Burns, 2012). In his book, Burns described leader as a people who is able to inspire the enthusiasm of his followers, to better achieve the individual goals of leader and followers, and put forward the concept of transforming leadership (Burns, 2012). Burns believed transforming leadership was a process of enhancing maturity and motivating level between leaders and subordinates. The leaders get through encouraging ideals and moral values, rather than fear, greed, envy and hatred to enhance the subordinates’ consciousness; help employees to realize the importance of the work; let employees work for the benefit of the collective and sacrifice their personal interests (Burns, 2012). Thus, by doing all this make subordinates from everyday selves to better selves.

Bass further developed the concept of Burns, and raised the concept of transformational leadership (Bass, 1985). Bass (1985) believed that transformational leadership allowed employees to realize the task of the significance, to motivate subordinates high-level needs, build the atmosphere of mutual trust, encourage subordinates work for the benefit of the organization to sacrifice their own interests, and achieve more than originally expected result. He proposed that leaders do not influence only on employees’ satisfaction and general work behavior but also on employees’ values, beliefs, needs, self-esteem, self-confidence, and emotional impacts.

Bass (1985) and others researchers (i.e., Bycio, Peter, & Hackett, 1995) divided transformational leadership into six dimensions. However, some researchers do not agree and divided transformational leadership into four dimensions (Avolio, Zhu, & Koh, 2004; Li-Chaoping & Tian-Bao, 2006). Considered the fact that this study is conducted in mainland China, authors decided to adopt the transformational leadership scale which developed by Li-Chaoping and Shi-Kan (2005) and have been validated in several studies conducted in China (i.e., Li-Chaoping & Tian-Bao, 2006). Li-Chaoping and Shi-Kan (2005) empirically evidenced that there are four dimensions of transformational leadership: visionary motivating, moral modelling, charisma and individualized consideration.

### 2.2. Psychological Empowerment

A review of the literature, the link between transformational leadership and psychological empowerment as well as psychological empowerment and employee work attitudes have been evidenced (Li-Chaoping & Tian-Bao, 2006). Transformational leaders create visions, help employees realize the value and meaning of work and engaged them to work (Burns, 2012). Transformational leaders through their own passion motivate employees to realize the significance of the work, improve the employees’ confidence level and self-efficacy (Avolio, Zhu, & Koh, 2004). Transformational leaders allow employees challenge their own thinking, imagination, creativity, and their opinions; and, encourage employees in a variety of creative ways to solve the problem (Li-Chaoping & Tian-Bao, 2006). Based on the previous studies, authors proposed that transformational leadership affects the psychological experience of empowering – psychological empowerment.

Studies showed empowered employees work experience are more positive and more active, energetic; and they tend to have higher job satisfaction and organizational commitment (Bass, 2006). The studies of Spreitzer, Kizilos, & Nason (1997) have shown that the different dimensions of psychological empowerment are not completely the same influence on employee job satisfaction, work effectiveness and working pressure. Özaralli’s (2003) study further

evidenced that psychological empowerment is an intermediary variable between transformational leadership and employee effectiveness. Avolio, Zhu, & Koh (2004) examined the psychological empowerment on the relationship between transformational leadership and organizational commitment of intermediary function, and found that psychological empowerment for the relationship between transformational leadership and organizational commitment has a fully mediating role. As revealed, psychological empowerment mediates the relationship between transformational leadership and leadership effectiveness. Thus, authors proposed that psychological empowerment mediating the relationship between transformational leadership and employee work attitudes.

### 3. Theoretical Framework and Hypotheses

Figure 1 illustrates the theoretical framework proposed for the present study. It can be seen from the diagram that the study proposes to examine:

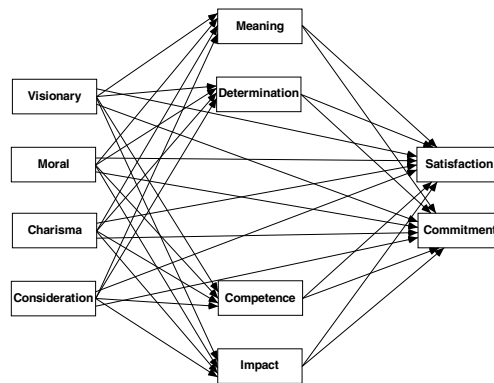


Figure 1: Hypothesis Framework

Based on the past researches and theoretical framework, the hypotheses presented in this study are:

- H1. There is a significant relationship between transformational leadership and psychological empowerment.
  - H1a. There is a significant relationship between visionary motivating and meaning.
  - H1b. There is a significant relationship between visionary motivating and competence.
  - H1c. There is a significant relationship between visionary motivating and self-determination.
  - H1d. There is a significant relationship between visionary motivating and impact.
  - H1e. There is a significant relationship between moral modelling and meaning.
  - H1f. There is a significant relationship between moral modelling and competence.
  - H1g. There is a significant relationship between moral modelling and self-determination.
  - H1h. There is a significant relationship between moral modelling and impact.
  - H1i. There is a significant relationship between charisma and meaning.
  - H1j. There is a significant relationship between charisma and competence.
  - H1k. There is a significant relationship between charisma and self-determination.
  - H1l. There is a significant relationship between charisma and impact.
  - H1m. There is a significant relationship between individualized consideration and meaning.
  - H1n. There is a significant relationship between individualized consideration and competence.
  - H1o. There is a significant relationship between individualized consideration and self-determination.
  - H1p. There is a significant relationship between individualized consideration and impact.
- H2. There is a significant relationship between transformational leadership and employee work attitudes.
  - H2a. There is a significant relationship between visionary motivating and employee satisfaction.
  - H2b. There is a significant relationship between visionary motivating and organizational commitment.
  - H2c. There is a significant relationship between moral modelling and employee satisfaction.

- H2d. There is a significant relationship between moral modelling and organizational commitment.
- H2e. There is a significant relationship between charisma and employee satisfaction.
- H2f. There is a significant relationship between charisma and organizational commitment.
- H2g. There is a significant relationship between individualized consideration and employee satisfaction.
- H2h. There is a significant relationship between individualized consideration and organizational commitment.

- H3. Psychological empowerment will mediate the relationship between transformational leadership and employee work attitudes.
  - H3a. Meaning will mediate the relationship between visionary motivating and employee satisfaction.
  - H3b. Meaning will mediate the relationship between visionary motivating and organizational commitment.
  - H3c. Meaning will mediate the relationship between moral modelling and employee satisfaction.
  - H3d. Meaning will mediate the relationship between moral modelling and organizational commitment.
  - H3e. Meaning will mediate the relationship between charisma and employee satisfaction.
  - H3f. Meaning will mediate the relationship between charisma and organizational commitment.
  - H3g. Meaning will mediate the relationship between individualized consideration and employee satisfaction.
  - H3h. Meaning will mediate the relationship between individualized consideration and organizational commitment.
  - H3i. Competence will mediate the relationship between visionary motivating and employee satisfaction.
  - H3j. Competence will mediate the relationship between visionary motivating and organizational commitment.
  - H3k. Competence will mediate the relationship between moral modelling and employee satisfaction.
  - H3l. Competence will mediate the relationship between moral modelling and organizational commitment.
  - H3m. Competence will mediate the relationship between charisma and employee satisfaction.
  - H3n. Competence will mediate the relationship between charisma and organizational commitment.
  - H3o. Competence will mediate the relationship between individualized consideration and employee satisfaction.
  - H3p. Competence will mediate the relationship between individualized consideration and organizational commitment.
  - H3q. Self-determination will mediate the relationship between visionary motivating and employee satisfaction.
  - H3r. Self-determination will mediate the relationship between visionary motivating and organizational commitment.
  - H3s. Self-determination will mediate the relationship between moral modelling and employee satisfaction.
  - H3t. Self-determination will mediate the relationship between moral modelling and organizational commitment.
  - H3u. Self-determination will mediate the relationship between charisma and employee satisfaction.
  - H3v. Self-determination will mediate the relationship between charisma and organizational commitment.
  - H3w. Self-determination will mediate the relationship between individualized consideration and employee satisfaction.
  - H3x. Self-determination will mediate the relationship between individualized consideration and organizational commitment.
  - H3y. Impact will mediate the relationship between visionary motivating and employee satisfaction.
  - H3z. Impact will mediate the relationship between visionary motivating and organizational commitment.
  - H3aa. Impact will mediate the relationship between moral modelling and employee satisfaction.
  - H3ab. Impact will mediate the relationship between moral modelling and organizational commitment.
  - H3ac. Impact will mediate the relationship between charisma and employee satisfaction.
  - H3ad. Impact will mediate the relationship between charisma and organizational commitment.
  - H3ae. Impact will mediate the relationship between individualized consideration and employee satisfaction.
  - H3af. Impact will mediate the relationship between individualized consideration and organizational commitment.
- H4. There is a significant relationship between psychological empowerment and employee work attitudes.

- H4a. There is a significant relationship between meaning and employee satisfaction.
- H4b. There is a significant relationship between meaning and organizational commitment.
- H4c. There is a significant relationship between competence and employee satisfaction.
- H4d. There is a significant relationship between competence and organizational commitment.
- H4e. There is a significant relationship between self-determination and employee satisfaction.
- H4f. There is a significant relationship between self-determination and organizational commitment.
- H4g. There is a significant relationship between impact and employee satisfaction.
- H4h. There is a significant relationship between impact and organizational commitment.

#### 4. Research Methods

Paper and pencil questionnaires were mailed to the top management of companies located in China. After equivalence checking, the questionnaire was distributed in the two main business languages of China: Chinese and English. Multiple respondents were sent to increase the response rate, resulting in 1000 distributed questionnaires. A total of 295 questionnaires were returned (a respectable 29.5% response rate). However, only 274 responses were valid because 11 forms were blank and 10 respondents were not members of the top management team.

The respondents were asked to response to the statements arranged with a Likert scale from 1 to 5, where 5 indicates strongly agree and 1 indicates strongly disagree. The revelation of the identity of respondents was not required and the respect for rights and confidentiality and preservation of anonymity is present throughout the questionnaire.

The statistical tests used in this study are Statistical Package for the Social Science (SPSS) 20.0 and Structural Equation Modelling (SEM) with AMOS 22.0. SPSS is used to assess data normality while SEM is utilized for assessing the hypothesized relationship contained in the hypothesized model.

#### 5. Results and Findings

As shown in Table 1, the findings showed that the internal consistency coefficient of all research variables were higher or close to the recommended value that indicated the reliability of the variables were acceptable. All research variables are within the range of normality (-1.0 to +1.0).

Considering it is an exploratory relationship between transformational leadership, psychological empowerment, employee satisfaction and organizational commitment, this study first establish a hypothesis framework between psychological empowerment mediation transformational leadership and employee satisfaction, the relationship of organizational commitment ( Figure 1), then get a data to support the model, according to the modified index to adjust the model and the related theory, and revised the model (Figure 2).

Using the data obtained in the study to validate the factor structure of the transformational leadership with confirmatory analysis. The fitting index of the model, including GFI, TLI, CFI and RMSEA, respectively: 0.90, 0.86, 0.84, and 0.05, are idealized. From the confirmatory factor analysis results can be concluded that the transformational leadership model fitting index were at or near the recommended standard. Thus, transformational leadership structure was supported by data.

Using the data obtained in the study to validate the factor structure of the psychological empowerment with confirmatory analysis. The fitting index of the model, including GFI, TLI, CFI and RMSEA, respectively: 0.91, 0.87, 0.86, and 0.06, are idealized. From the confirmatory factor analysis results can be concluded that the psychological empowerment model fitting index were at or near the recommended standard. Thus, psychological empowerment structure was supported by data.

Findings found that self-determination and impact of psychological empowerment have no significant relationship with employee satisfaction and organization commitment. Authors also found that if add in self-determination and impact: all fitting index of model is not very ideal, so authors deleted the self-determination and impact in the model, and modified the original model gradually, finally got the model as shown in Figure 2. The fitting index of the revised model, including GFI, TLI, CFI and RMSEA. Respectively: 0.93, 0.96, 0.94, 0.96, 0.06, are idealized. This findings is consistent with the previous studies (i.e., Spreitzer, et al., 1997)

Table 1. Means, Standard Deviation, and Reliabilities of Variables

Variable	M	SD	$\alpha$
Visionary motivating			0.72
V1	4.05	0.92	
V2	4.15	0.87	
V3	4.47	0.77	
V4	4.28	0.90	
V5	3.77	0.93	
V6	3.85	0.90	
Moral modelling			0.73
Mo1	4.13	0.84	
Mo2	3.81	1.03	
Mo3	3.46	1.25	
Mo4	3.99	0.92	
Mo5	3.53	1.14	
Mo6	3.00	1.16	
Mo7	3.17	1.25	
Mo8	4.31	0.72	
Charisma			0.63
Ch1	3.98	1.00	
Ch2	3.61	1.19	
Ch3	3.89	1.10	
Ch4	3.86	1.13	
Ch5	3.76	1.14	
Ch6	3.47	1.27	
Individualized Consideration			0.66
Con1	4.11	0.79	
Con2	3.90	0.94	
Con3	3.26	1.12	
Con4	4.12	0.90	
Con5	4.32	0.79	
Con6	3.45	1.20	
Meaning			0.70
Me1	3.30	1.29	
Me2	3.07	1.50	
Me3	3.63	1.39	
Self-Determination			0.61
De1	3.48	1.16	
De2	3.23	1.16	
De3	3.17	1.25	
Competence			0.71
Cp1	4.14	1.03	
Cp2	3.49	1.35	
Cp3	3.49	1.26	
Impact			0.67
Im1	3.97	0.94	
Im2	4.11	0.88	
Im3	2.62	1.24	
Job Satisfaction			0.74
S1	3.44	1.29	
S2	3.08	1.27	
S3	3.08	1.29	
S4	3.19	1.29	
S5	3.20	1.33	

S6	3.59	1.20
Table I: Means, Standard Deviation, and Reliabilities of Variables (Continue)		
Organizational Commitment		0.66
Com1	3.05	1.27
Com2	2.94	1.27
Com3	3.22	1.13
Com4	1.99	1.08
Com5	2.11	1.12
Com6	3.37	1.25

It could be seen from the Figure 2 and effect analysis of endogenous variables and exogenous variables, visionary motivation has a positive role to meaning and competence, the standardized path coefficient were 0.69, 0.31, that showed leadership of vision incentive score is higher, work meaning and competence of subordinate will be higher in scores. Visionary motivating will significantly impact on employee satisfaction and organizational commitment through work meaning. The standardization of path coefficients of work meaning, employee satisfaction, and organizational commitment were 0.57, 0.88. That is meaning has obvious effects on employees work attitudes; meaning is an intervening variable between visionary motivating and employee work attitude.

The standardization of path coefficient was 0.57 between competence and employee satisfaction that showed competence has a significant impact on satisfaction, competence is an intervening variable between visionary motivating and employee satisfaction. The standardization of path coefficient was 0.19 between competence and organizational commitment that showed competence has a significant impact on organizational commitment, competence is an intervening variable between visionary motivating and organizational commitment.

In brief, visionary motivating will affect employees work attitude, and the effect on job satisfaction and organizational commitment can be accomplished through to promote work meaning and competence.

Moral modelling has a positive role in promoting for work meaning, its standardized path coefficient is 0.32, indicating that moral scores of leadership is higher, subordinate work meaning scores will be higher. Meaning is the intermediary variables between moral modelling and employee work attitudes, it plays an intermediary role in the process that moral modelling is on employee attitudes. From the above results can be seen, moral modelling will affect employees attitudes, and its impact on job satisfaction and organizational commitment is achieved through to enhance the meaning of work by employees.

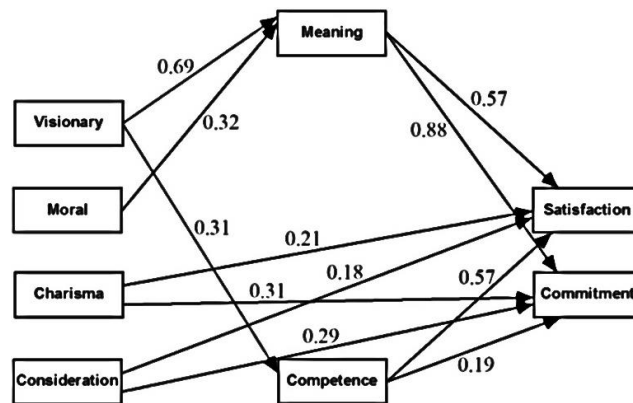


Figure 2: Final Model

Charisma has significant influence on satisfaction, the standardized path coefficient was 0.21, and shows that charisma is stronger, employee job satisfaction will be higher. Charisma has significant influence on commitment, the standardized path coefficient was 0.31, and shows that charisma is stronger, commitment will be higher. It is important to note that the psychological empowerment did not play a mediating role in the process that charisma effect on job



satisfaction and organizational commitment. Individualized consideration has significant effect on job satisfaction and organizational commitment, the standardized path coefficient is 0.18 and 0.29, and explained leaders showed more individualized consideration to employees, job satisfaction and organizational commitment will be higher. It is important to note that psychological empowerment did not play a mediating role in the process that individualized consideration impact on job satisfaction and organizational commitment.

As shown in Figure 2, not all hypotheses are supported. Specifically, only H1a, H1b, H1e, H2e, H2f, H2g, H2h, H3a, H3b, H3c, H3d, H3i, H3j, H4a, H4b, H4c and H4d are supported.

## Conclusion

Overall, this study extends theory and empirical research in the domain that transformational leadership is positively associated with employee work attitudes (Avolio, et al, 2004; Hechanova, Alampay, & Franco, 2006; Laschinger, Finegan, & Shamian, 2004) and confirmed the mediating (partial) role of psychological empowerment (i.e., Li-Chaoping & Tian-Bao, 2006). The results of this study provide a theoretical basis for leadership management.

According to the findings, organizations should enhance their top management leadership skill in term of visionary motivating, moral modelling, charisma and individualized consideration. The significant of this study is twofold,

1. The research verified that transformational leadership has the significant effects on employee work attitudes. The results of this study provides an implication for management leadership, the organizations can train leadership to the employees working attitudes in the aspect of visionary motivating, moral modelling, charisma and individualized consideration.

2. Most of the research in the relationship between transformational leadership and employee work attitudes, simply put the transformational leadership as a higher order concept but ignore the effect of the different dimensions of transformational leadership. This study helps to explain the unique effect of the different dimensions of transformational leadership on psychological empowerment and employee work attitudes.

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